

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF TEXAS
SAN ANTONIO DIVISION**

IN RE:	§	CHAPTER 11
	§	
KRISJENN RANCH, LLC, <i>et al</i>	§	CASE NO. 20-50805-rbk
	§	
DEBTOR	§	(Jointly Administered)

**MOTION REQUESTING EXPEDITED CONSIDERATION OF DEBTOR'S
JOINT EXPEDITED MOTION TO EXTEND DEBTORS' EXCLUSIVITY
PERIOD BY 90 DAYS**

**DEBTOR HAS REQUESTED EXPEDITED CONSIDERATION OF THIS MOTION AND
HAS REQUESTED THAT A HEARING BE HELD ON THIS MOTION AT THE
COURT'S EARLIEST CONVENIENCE. IF THE COURT IN FACT SETS THIS
MOTION FOR AN EXPEDITED HEARING, THEN ONLY ATTENDANCE AT THE
HEARING IS NECESSARY TO PRESERVE YOUR RIGHTS**

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

KrisJenn Ranch, LLC, KrisJenn Ranch, LLC Series Pipeline ROW, and KrisJenn Ranch, LLC Series Uvalde Ranch's (the "Debtors"), Debtor and Debtors-in-Possession submit this Motion Requesting Expedited Consideration of Debtor's Joint Motion to Extend Debtors' Exclusivity Period by 90 Days (the "Motion"), and in support thereof respectfully shows the Court as follows:

BACKGROUND

1. On April 27, 2020, (the "Petition Date"), the Debtors filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. §§ 101-1330 (as amended, the "Code"). The Debtors continue to manage their financial affairs as a debtors-in-possession pursuant to §§ 1107 and 1108 of the Bankruptcy Code. No creditors' committee has yet been

appointed in this case by the United States Trustee. No trustee or examiner has been requested or appointed.

2. Debtors, KrisJenn Ranch, LLC and Series Uvale Ranch purchased the KrisJenn Ranch (the “Ranch”) in 2013 for \$3,952,000 and then invested an additional \$840,000 in the Ranch. The Ranch derives its income from the sale of cattle and a white-tail deer hunting lease operation.

3. The Ranch is encumbered by a \$5.9 million loan from Mcleod Oil (“Mcleod”) related to an investment in a pipeline and its right of way. The origins of this loan are complicated. In 2017, Debtor and Larry Wright loaned \$4.1 million and \$1.2 million, respectively, to Black Duck, LLC (“Black Duck”). Debtor, Krisjenn Ranch, LLC owned a 50% interest in Black Duck, and Daniel Moore owned the other 50% interest in Black Duck. The purpose of the loans was to fund Black Duck’s purchase of a discontinued oil pipeline (the “Pipeline”) and right of way for \$5 million plus closing costs of the purchase. The full \$4.1 million that Debtor loaned to Black Duck was obtained through a loan between Debtor and Asilo Investments, Ltd. (“Asilo”). The Pipeline and right of way were purchased pursuant to a purchase money contract that was assigned to Black Duck from Longbranch Energy, L.P. (“Longbranch”). Under the assignment, Longbranch retained a 20% net profit share interest. The terms of that agreement are currently in dispute. Daniel Moore sold his 50% interest in Black Duck back to the company in exchange for a 20% net profit share interest to his Company DMA Properties, Inc. The terms of the agreement with Moore/DMA Properties, Inc. are also currently in dispute.

4. In 2018, Black Duck sold the Pipeline and right of way to TCRG East Texas Pipeline 1, LLC (“TCRG”) for \$2.5 million, and—as part of the deal—Black Duck retained 16% of the gross profit from the Pipeline and right of way. The aggregate, projected profit to Black

Duck and other interested parties was \$48,000 per day. Black Duck was unable to pay its debts to Debtor, and Debtor foreclosed on the note securing its loan to Black Duck. Shortly thereafter, in late 2018, Black Duck ceased being a going concern and was eventually wound down. The \$2.5 million received from TCRG was allocated to Debtor to pay the debts encumbering the Pipeline and right of way—\$1.2 million was used to repay Larry Wright, and \$1.3 million was used to pay down the Asilo loan principal and accrued interest.

5. The loan from Mcleod was originally obtained to refinance the remaining \$3.4 million loan from Asilo. Shortly after the TCRG purchase, Longbranch and Moore threatened TCRG with litigation for having purchased the Pipeline and right of way. As a result, Debtor KrisJenn Ranch, LLC agreed to repurchase the Pipeline and right of way from TCRG in 2019. Debtor repurchased the Pipeline and right of way under the Series Pipeline ROW by obtaining an additional \$2.5 million in financing from Mcleod, increasing the total amount loaned from Mcleod to \$5.9 million. All three Debtors are borrowers under the Mcleod debt.

6. Approximately \$6.05 million is outstanding on the Mcleod debt. The Mcleod debt is also secured by the Pipeline and the right of way. Debtors defaulted on payments due to Mcleod in February 2020.

7. The issues regarding the pipeline are being litigated in Adversary Number 20-05027, which is set for trial on December 7, 2020. Debtors need to resolve the litigation to determine the terms for their plan of reorganization.

8. Pursuant to Section 1121, Debtors' exclusivity period is set to terminate by operation of law on August 25, 2020. After notice and hearing, this Court has the inherent authority to extend the 120-day period. *See* 11 U.S.C. 1121(d).

RELIEF REQUESTED

9. Debtor requests expedited consideration of their Joint Motion to Extend Debtors' Exclusivity Period by 90 Days.

PRAYER

WHEREFORE, premises considered, Debtor respectfully requests that the Court grant this request and set the Joint Motion to Extend Debtors' Exclusivity Period by 90 Days to be heard at the Court's earliest convenience.

Dated: August 6, 2020

Respectfully submitted,

MULLER SMEBERG, PLLC

By: /s/ Ronald J. Smeberg
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ATTORNEY FOR DEBTOR

CERTIFICATE OF CONFERENCE

The undersigned certifies that he conferenced with the United States Trustee and counsel for Mcleod Oil, Longbranch, and DMA via email. DMA is unopposed and the other counsels have not yet responded.

/s/ Ronald J. Smeberg
RONALD J. SMEBERG

CERTIFICATE OF SERVICE

I hereby certify that on August 6, 2020, true and correct copies of the foregoing will be forwarded electronically via the Court's ECF System, or by U.S. first class mail, postage prepaid, on, all parties listed on the attached Service List.

/s/ Ronald J. Smeberg
RONALD J. SMEBERG

SERVICE LIST

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Henderson, Texas 75652

Shelby County, Tax
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